

AMENDED IN SENATE MAY 3, 2001

AMENDED IN SENATE APRIL 25, 2001

SENATE BILL

No. 133

Introduced by Senator Figueroa

(Coauthors: Senators Johannssen and Polanco)

(Coauthors: Assembly Members Aanestad, Correa, and Thomson)

January 29, 2001

An act to amend Sections 5000, 5015.6, 5020, 5083, and 5134 of, and to add Section 5085 to, the Business and Professions Code, relating to accountants.

LEGISLATIVE COUNSEL'S DIGEST

SB 133, as amended, Figueroa. Accountants.

(1) Existing law provides for the licensing and regulation of accountants by the State Board of Accountancy in the Department of Consumer Affairs. The provisions creating the board and authorizing the board to appoint an executive officer will become inoperative on July 1, 2002, and will be repealed on January 1, 2003.

This bill would extend these dates, making the provisions inoperative on July 1, 2005, and repealing them on January 1, 2006. The bill *would increase the total membership of the board and* would also alter the composition of the board.

(2) Existing law authorizes the board to conduct investigations or hearings relating to any matter involving the conduct of licensees.

This bill would provide that the executive officer would determine when to engage in these activities.

(3) Existing law requires certain experience requirements for licensure as a public accountant.

This bill would set forth types of experience that would meet these requirements.

(4) Existing law requires that the board maintain a reserve balance in its contingent fund equal to approximately 3 months of annual authorized expenditures.

This bill would require that the board maintain a reserve balance equal to approximately 6 months of annual authorized expenditures.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5000 of the Business and Professions
2 Code is amended to read:

3 5000. There is in the Department of Consumer Affairs the
4 California Board of Accountancy, which consists of 11 members,
5 ~~five~~ *six* of whom shall be certified public accountants, ~~one of~~
6 ~~whom shall be a certified public accountant from a small firm~~, and
7 five of whom shall be public members who shall not be licentiates
8 of the board or registered by the board. The board has the powers
9 and duties conferred by this chapter.

10 The Governor shall appoint three of the public members, *and*
11 ~~the five certified~~ *six* certified public accountant ~~from a small firm~~
12 ~~members, and the public accountant member qualified~~ *members* as
13 provided in this section. The Senate Rules Committee and the
14 Speaker of the Assembly shall each appoint a public member. In
15 appointing the ~~five~~ *six* certified public accountant members, the
16 Governor shall appoint members representing a cross section of
17 the accounting profession with at least ~~one member~~ *two members*
18 representing a small public accounting firm. For the purposes of
19 this chapter, a small public accounting firm shall be defined as a
20 professional firm that employs a total of no more than four
21 certified public accountants as partners, owners, or full-time
22 employees in the practice of public accountancy within the State
23 of California.

24 This section shall become operative on July 1, 1997, and shall
25 become inoperative on July 1, 2005, and as of January 1, 2006, is
26 repealed, unless a later enacted statute, that becomes effective on
27 or before January 1, 2006, deletes or extends the dates on which
28 this section becomes inoperative and is repealed. The repeal of this

1 section renders the board subject to the review required by
2 Division 1.2 (commencing with Section 473).

3 SEC. 2. Section 5015.6 of the Business and Professions Code
4 is amended to read:

5 5015.6. The board may appoint a person exempt from civil
6 service who shall be designated as an executive officer and who
7 shall exercise the powers and perform the duties delegated by the
8 board and vested in him or her by this chapter.

9 This section shall become inoperative on July 1, 2005, and, as
10 of January 1, 2006, is repealed, unless a later enacted statute,
11 which becomes effective on or before January 1, 2006, deletes or
12 extends the dates on which it becomes inoperative and is repealed.

13 SEC. 3. Section 5020 of the Business and Professions Code
14 is amended to read:

15 5020. The board may, for the purpose of obtaining technical
16 expertise, appoint an administrative committee of not more than
17 13 licensees, at least one of whom shall be a public accountant, to
18 perform any of the following duties, and the committee may be
19 vested with the powers of the board for those purposes:

20 (a) To receive and investigate complaints and to conduct
21 investigations or hearings, with or without the filing of any
22 complaint, and to obtain information and evidence relating to any
23 matter involving the conduct of licensees, as determined by the
24 executive officer.

25 (b) To receive and investigate complaints and to conduct
26 investigations or hearings, with or without the filing of any
27 complaint, and to obtain information and evidence relating to any
28 matter involving any violation or alleged violation of this chapter
29 by licensees, as determined by the executive officer.

30 (c) In exercising the duties prescribed in this section, the
31 committee shall act only in an advisory capacity, shall have no
32 authority to initiate any disciplinary action against a licensee, and
33 shall only be authorized to report its findings from any
34 investigation or hearing conducted pursuant to this section to the
35 board, or upon direction of the board, to the executive officer.

36 SEC. 4. Section 5083 of the Business and Professions Code
37 is amended to read:

38 5083. (a) An individual applying for licensure shall meet, to
39 the satisfaction of the board, one of the following requirements:



1 (1) Four years of experience if the applicant qualified to sit for
2 the exam by meeting the requirements of subdivision (b) or (c) of
3 Section 5081.1.

4 (2) Three years of experience if the applicant qualified to sit for
5 the exam by meeting the requirements of subdivision (a) or (d) of
6 Section 5081.1 or meets the requirements of Section 5082.3.

7 (b) In order to be qualifying under this section, experience shall
8 have been performed in accordance with applicable professional
9 standards. Experience in public accounting may be qualifying if
10 completed by, or in the employ of, a person licensed or otherwise
11 having comparable authority under the laws of any state or country
12 to engage in the practice of public accountancy. Experience in
13 private or governmental accounting or auditing employment may
14 be qualifying provided that this work was performed under the
15 direct supervision of an individual licensed by a state to engage in
16 the practice of public accountancy.

17 (c) Qualifying experience for licensure includes providing any
18 type of service or advice involving the use of accounting, attest,
19 compilation, management advisory, financial advisory, tax, or
20 consulting skills.

21 (d) The board shall prescribe rules related to the experience
22 requirements set forth in this section, including a requirement that
23 each applicant demonstrate to the board satisfactory experience in
24 the attest function as it relates to financial statements. For purposes
25 of this subdivision, the attest function includes audit and review of
26 financial statements.

27 SEC. 5. Section 5085 is added to the Business and Professions
28 Code, to read:

29 5085. A comprehensive analysis of the impact of new
30 licensing requirements proposed by the board shall be conducted
31 by an independent consulting firm chosen by the Director of the
32 Department of Consumer Affairs. This analysis shall be funded by
33 the board, and shall be submitted on or before September 1, 2003.

34 SEC. 6. Section 5134 of the Business and Professions Code
35 is amended to read:

36 5134. The amount of fees prescribed by this chapter is as
37 follows:

38 (a) The fee to be charged to each applicant for the certified
39 public accountant examination shall be fixed by the board at an
40 amount to equal the actual cost to the board of the purchase or

1 development of the written examination, plus the estimated cost to
2 the board of administering the written examination and shall not
3 exceed two hundred fifty dollars (\$250). The board may charge a
4 reexamination fee equal to the actual cost to the board of the
5 purchase or development of the written examination or any of its
6 component parts, plus the estimated cost to the board of
7 administering the written examination and not to exceed fifty
8 dollars (\$50) for each part that is subject to reexamination.

9 (b) The fee to be charged to out-of-state candidates for the
10 certified public accountant examination shall be fixed by the board
11 at an amount equal to the estimated cost to the board of
12 administering the examination and shall not exceed one hundred
13 fifty dollars (\$150) per candidate.

14 (c) The application fee to be charged to each applicant for
15 issuance of a certified public accountant certificate shall be fixed
16 by the board at an amount equal to the estimated administrative
17 cost to the board of processing and issuing the certificate and shall
18 not exceed two hundred fifty dollars (\$250).

19 (d) The application fee to be charged to each applicant for
20 issuance of a certified public accountant certificate by waiver of
21 examination shall be fixed by the board at an amount equal to the
22 estimated administrative cost to the board of processing and
23 issuing the certificate and shall not exceed two hundred fifty
24 dollars (\$250).

25 (e) The fee to be charged to each applicant for registration shall
26 be fixed by the board and shall not exceed one hundred fifty dollars
27 (\$150).

28 (f) The board shall fix the biennial renewal fee so that, together
29 with the estimated amount from revenue other than that generated
30 by subdivisions (a) to (d), inclusive, the reserve balance in the
31 board's contingent fund shall be equal to approximately six
32 months of annual authorized expenditures. Any increase in the
33 renewal fee made after July 1, 1990, shall be effective upon a
34 determination by the board, by regulation adopted pursuant to
35 subdivision (k), that additional moneys are required to fund
36 authorized expenditures other than those specified in subdivisions
37 (a) to (d), inclusive, and maintain the board's contingent fund
38 reserve balance equal to six months of estimated annual authorized
39 expenditures in the fiscal year in which the expenditures will
40 occur. The biennial fee for the renewal of each of the permits to

1 engage in the practice of public accountancy specified in Section
2 5070 shall not exceed two hundred fifty dollars (\$250).

3 (g) The delinquency fee shall be 50 percent of the accrued
4 renewal fee.

5 (h) The initial permit fee is an amount equal to the renewal fee
6 in effect on the last regular renewal date before the date on which
7 the permit is issued, except that, if the permit is issued one year or
8 less before it will expire, then the initial permit fee is an amount
9 equal to 50 percent of the renewal fee in effect on the last regular
10 renewal date before the date on which the permit is issued. The
11 board may, by regulation, provide for the waiver or refund of the
12 initial permit fee where the permit is issued less than 45 days
13 before the date on which it will expire.

14 (i) The fee to be charged for filing of sponsor agreements for
15 continuing education courses shall be fixed by the board at not
16 more than one hundred dollars (\$100). Universities, colleges, or
17 other four-year institutions of learning accredited by a regional or
18 national accrediting agency or association included in a list of
19 those agencies or associations published by the United States
20 Commissioner of Education under the requirements of Section
21 253 of the Veterans' Readjustment Assistance Act of 1952, known
22 as Public Law 550 of the 82nd Congress, as amended, are
23 exempted from the payment of this filing fee.

24 (j) The actual and estimated costs referred to in this section
25 shall be calculated every two years using a survey of all costs
26 attributable to the applicable subdivision.

27 (k) Upon the effective date of this section the board shall fix the
28 fees in accordance with the limits of this section and, on and after
29 July 1, 1990, any increase in any fee fixed by the board shall be
30 pursuant to regulation duly adopted by the board in accordance
31 with the limits of this section.

32 (l) Fees collected pursuant to subdivisions (a) to (d), inclusive,
33 shall be fixed by the board in amounts necessary to recover the
34 actual costs of providing the service for which the fee is assessed,
35 as projected for the fiscal year commencing on the date the fees
36 become effective.